



Federal Communications Commission
Washington, D.C. 20554

October 31, 2022

DA 22-1139

Via Email and Certified Mail, Return Receipt Requested

Cable One, Inc.
Attn: Peter N. Witty
Sr. Vice President and General Counsel
210 E Earll Drive
Phoenix, AZ 85012-2626

Re: Cable One, Inc.'s Interim Default Payment Obligation for Licenses Won in Auction 105

DO NOT DISCARD THIS IMPORTANT NOTICE
OF A DEMAND FOR PAYMENT
OF A DEBT OWED THE UNITED STATES AND ORDER OF PAYMENT

Dear Mr. Witty:

This Order provides notice and demands payment of the interim default payment obligation for Cable One, Inc. (Cable One) with respect to its defaults arising out of Auction 105.

Cable One was a winning bidder in Auction 105 for 547 Priority Access Licenses (PALs) in the 3550-3650 MHz portion of the 3.5 GHz band, including three PALs in license area D20049 (Elk, KS), three PALs in license area D20073 (Greenwood, KS), and four PALs in license area D20121 (Miami, KS) (hereinafter, the Kansas License Areas).¹ AMG Technology Group LLC (AMG) also was a winning bidder in each of the Kansas License Areas – three PALs in Elk, two in Greenwood, and one in Miami.²

On September 17, 2021, following the close of Auction 105, Cable One submitted its long-form application (FCC Form 601) for all 547 PALs for which it was the winning bidder.³ AMG was granted the PALs in the Kansas License Areas for which it was the winning bidder on March 12, 2021. On November 5, 2021, while its long-form application remained pending, Cable One entered into a purchase agreement with AMG granting Cable One a 17.6% ownership interest in AMG. Under the rules that govern the 3.5 GHz band, an entity may have an attributable interest in no more than four PALs in a given license area at any given time.⁴ Pursuant to the rules governing mobile spectrum holdings, a non-

¹ See Auction of Priority Access Licenses in the 3550-3650 MHz Band Closes; Winning Bidders Announced for Auction 105, AU Docket No. 19-244, *Public Notice*, 35 FCC Red 9287 (2020) (*Auction 105 Closing Public Notice*); see also FCC Public Reporting System, Auction 105 – 3.5 GHz, <https://auctiondata.fcc.gov/public/projects/auction105> (PRS).

² See PRS, *supra* note 1.

³ Application of Cable One, Inc. for Grant of 3.5 GHz Priority Access License, File No. 0009226187 (filed Sept. 17, 2020) (*Cable One Initial Application*).

⁴ 47 C.F.R. § 96.31.

controlling interest of 10% or more in mobile spectrum is considered attributable.⁵ Grant of all PALs in the Kansas License Areas for which Cable One was the winning bidder, therefore, would violate the four-PAL aggregation limit, as AMG already holds three PALs in Elk, two PALs in Greenwood, and one in Miami. To avoid violating the aggregation limit in those areas, Cable One submitted an amended long-form application on July 18, 2022, in which it removed from its application the four PALs that are the subject of this letter – two in Elk, one in Greenwood, and one in Miami.⁶

The withdrawal of a long-form application with respect to a license for which the applicant was the winning bidder constitutes a default pursuant to section 1.2109(c) of the Commission's rules.⁷ Under that rule, a winning bidder that defaults or is disqualified for any reason is subject to the default payments established by section 1.2104(g).⁸ Therefore, in submitting an amended application that removed four PALs in the Kansas License Areas, Cable One defaulted on its winning bids for those PALs.

The default payment has two components: a deficiency payment and an additional payment amount.⁹ The deficiency payment component applies only in the event that the subsequent winning bid the next time a license for the relevant spectrum is won is less than the defaulted bid. The deficiency payment amount is the difference between the bidder's net defaulted bid and the subsequent net winning bid, or the difference between the bidder's gross defaulted bid and the subsequent gross winning bid, whichever is less.¹⁰ The additional payment amount is owed by each defaulting bidder.¹¹ Pursuant to the rule in effect for Auction 105, the additional payment amount is equal to 20% of the defaulter's bid, or the subsequent winning bid, whichever is less.¹²

Until new licenses for the relevant spectrum are won in a subsequent auction, the Commission cannot determine the full amount of the default payment that Cable One owes. Therefore, pursuant to Commission practice, we will assess an interim default payment amounting to 20% of net winning bids

⁵ *Id.* § 20.22(b).

⁶ Amended Application of Cable One, Inc. for Grant of 3.5 GHz Priority Access License, File No. 0009226187 (filed July 18, 2022) (*Amended Application*). In that same *Amended Application*, Cable One also removed a number of licenses pursuant to a Consent Decree entered into on July 15, 2022. See *Cable One, Inc.*, File No. 0009226187, Order and Consent Decree, DA 22-746 (OEA/WTB July 15, 2022) (*Consent Decree*). Cable One entered into the *Consent Decree* to resolve a separate aggregation issue in which BlackRock, Inc., a private equity firm with an attributable interest in Cable One, also holds an attributable interest in other Auction 105 applicants that were the winning bidders in overlapping license areas. Under the terms of the *Consent Decree*, Cable One was permitted to remove from its application without penalty PALs in certain license areas that, if granted, would cause Cable One and one or more other winning bidders in which BlackRock holds an attributable interest to violate the four-PAL aggregation limit. The *Consent Decree* does not cover the Kansas License Area PALs at issue here.

⁷ 47 CFR § 1.2109(c).

⁸ *Id.* § 1.2104(g)(2)(i)-(ii).

⁹ *Id.* § 1.2104(g)(2).

¹⁰ *Id.* § 1.2104(g)(2)(i).

¹¹ *Id.* § 1.2104(g)(2)(ii).

¹² See *id.*; see also *Auction of Priority Access Licenses for the 3550-3650 Band; Notice and Filing Requirements, Minimum Opening Bids, Upfront Payments, and Other Procedures for Auction 105; Bidding in Auction 105 Scheduled to Begin June 25, 2020*, AU Docket No. 19-244, Public Notice, 35 FCC Rcd 2140, 2204, para. 228 (2020).

for the Kansas License Area PALs.¹³ Once a subsequent winning bid for the relevant spectrum is established, the remaining amount owed by the defaulting party, if any, is then assessed.

Cable One is in default on four PALs in the Kansas License Areas, and is subject to the applicable default payment.¹⁴ Pursuant to section 1.2104(g)(2) of the Commission's rules and the procedures established for Auction 105, Cable One owes an interim default payment of \$3,239.40, which is 20% of its total net winning bid of \$16,197.00 for these four PALs in the Kansas License Areas.¹⁵ Cable One currently has \$695,497.00 on deposit. Pursuant to section 1.2106(e) of the rules, we will apply this amount toward satisfying the interim default payment obligation.¹⁶ Once a subsequent winning bid is established for the relevant spectrum, we will determine Cable One's final default payment obligation. If an additional payment is required, a further order will assess such payment.¹⁷

Ordering Clauses

Accordingly, IT IS ORDERED that, pursuant to sections 4(i) and 309 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 309, and section 1.2104(g)(2) of the Commission's rules, 47 CFR § 1.2104(g)(2), Cable One, Inc. IS ASSESSED an interim default payment of \$3,239.40.

IT IS FURTHER ORDERED that, pursuant to sections 1.2104(g) and 1.2106(e) of the Commission's rules, 47 CFR §§ 1.2104(g) and 1.2106(e), Cable One, Inc.'s funds on deposit with the Commission will be applied toward satisfying the interim default payment obligation.

IT IS FURTHER ORDERED that, pursuant to section 1.2104(g)(2) of the Commission's rules, 47 CFR § 1.2104(g)(2), Cable One, Inc. will be subject to a final default payment for its defaulted winning bids in Auction 105 for two PALs in license area D20049 (Elk, KS), one PAL in license area D20073 (Greenwood, KS), and one PAL in license area D20121 (Miami, KS) once new licenses for the relevant spectrum are won in a subsequent auction and the full default payment amount is determined.

¹³ See *Amendment of Part 1 of the Commission's Rules — Competitive Bidding Procedures*, WT Docket No. 97-82, Third Report and Order and Second Further Notice of Proposed Rule Making, 13 FCC Rcd 374, 434, para. 102 (1997); *Implementation of Section 309(j) of the Communications Act — Competitive Bidding*, PP Docket No. 93-253, Fifth Report and Order, 9 FCC Rcd 5532, 5563 n.51 (1994); 47 CFR § 1.2104(g)(2); see also *Implementation of Section 309(j) of the Communications Act — Competitive Bidding*, PP Docket No. 93-253, Second Report and Order, 9 FCC Rcd 2348, 2382-83, para. 197 (1994).

¹⁴ 47 CFR §§ 1.2104(g)(2), 1.2109(c).

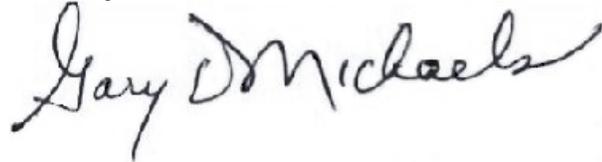
¹⁵ *Id.*

¹⁶ *Id.* § 1.2106(e).

¹⁷ See *Mountain Solutions Ltd., Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 21983, 21997, para. 25 (1998).

IT IS FURTHER ORDERED that this Order shall be sent to Cable One, Inc. by certified mail, return receipt requested. This action is taken pursuant to authority delegated by sections 0.21(m) and 0.271 of the Commission's rules, 47 CFR §§ 0.21(m), 0.271.

Sincerely,

A handwritten signature in black ink that reads "Gary D. Michaels". The signature is written in a cursive style with a large, prominent "G" and "M".

Gary D. Michaels
Deputy Chief, Auctions Division
Office of Economics and Analytics